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10-11-1 & 10-11-2

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December 15, 2010

Clerk of the Board,
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: California Biomass Energy Alliance Comments on the treatment of biomass power in the Air Resources Board's Proposed California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, released October 28, 2010

Dear Clerk of the Board:

The California Biomass Energy Alliance (CBEA) is the trade organization of the 33 operating biomass power plants operating in California. CBEA speaks for the biomass industry in many areas that affect biomass-fueled electricity generation, and herein offers our comments on the proposed cap and trade regulation as it pertains to our industry.

We wish to compliment the ARB on your treatment of biomass under § 95852 of the proposed cap-and-trade regulation. Section 95852.2 provides a well-reasoned listing of biomass sources that have been shown to have lower emissions levels of greenhouse gases when used for energy production than when disposed of using conventional means, such as landfill disposal and open burning.¹ Indeed, biomass power production in California provides approximately twice the greenhouse-gas benefit of other renewable resources by not only avoiding energy production using fossil fuels (this is the benefit provided by all renewable generation technologies), but also by reducing the emissions of greenhouse gases associated with the recycling of the carbon in the biomass if it is disposed of by other, more conventional means rather than being converted to energy. This latter is the greenhouse-gas benefit that is unique to biomass-fueled renewable energy.

A letter to Chairman Mary Nichols and members of the board by a group of environmental organizations on December 9, 2010 urges the board to, in effect, remove § 95852.2 from the proposed regulation. Their rationale for requesting this adjustment to the proposed regulation is thoroughly flawed, and the adjustment they request should be rejected.

¹ Morris, G., *Bioenergy and Greenhouse Gases*, Report of the Pacific Institute, May 15, 2008.

The letter argues that the adjustments they are requesting are “consistent with the approach taken by US EPA.” This is simply not correct. The latest EPA Guidance on Greenhouse Gas Permitting recommends that permitting authorities continue to treat biomass as carbon-neutral while it determines whether to exclude some designated forms of biomass from the carbon-neutral category.

The letter asserts that “the rule assumes ‘carbon neutrality’ for all biomass fuels.” This is incorrect. The rule, in § 95852.2, lists the specific categories of biomass that can be used for energy production without incurring a compliance obligation. All of the biomass materials listed in the rule have been shown to have reduced greenhouse-gas emissions when used for energy production, rather than meeting an alternative fate such as landfill disposal, open burning, and enhanced risk of destructive wildfires for the state’s forests.

The letter does admit that in “some instances the use of biomass to make energy will result in “de minimus” or net carbon negative emissions.” In fact, of the fuel that is used by the California biomass industry, **all** of it results in de minimus or net carbon negative emissions. The positive greenhouse-gas performance of the industry has been well documented.

The principal concern expressed in the letter concerns the use of fuels derived from forest biomass. Indeed, in presenting an example of a biomass fuel category that could cause an increase in the atmospheric burden of greenhouse gases, the letter cites: “conversion of standing forests to bioenergy without forest replacement.” In fact, that category of biomass fuel has a compliance obligation in § 95852.2 of the rule and, therefore, would be subject to regulation without any modification of the rule. Section 95852.2 (a) (4) requires that forest-derived fuels be harvest according to the state forestry practices act, and be harvested specifically for purposes of fire-risk reduction or other forest-improvement goals.

The letter implies that the greenhouse-gas implications of using forest-derived fuels has not been sufficiently studied to justify exempting fuels consistent with § 95852.2 (a) (4) from a compliance obligation. In fact, in addition to the Pacific Institute report, which analyzed the issues, the U.S. Forest Service performed a comprehensive life-cycle analysis of the greenhouse-gas implications of forest fuels use over a defined landscape in Northern California for the CEC’s PIER program.² Both studies demonstrate that the use of forest fuels that are consistent with § 95852.2 (a) (4) of the rule will reduce the burden of greenhouse gases in the atmosphere over the long term, fully consistent with AB 32.

California today has 33 biomass electric generating facilities, distributed across 19 counties, with a combined generating capacity of over 600 MW of reliable, baseload, renewable power that can be counted on and scheduled. Biomass power is approximately 2 percent of the overall power generated in the State, and about 18 percent of all the renewable power generated in the state. The industry employs approximately 750 workers directly at the power plants, and supports approximately 1,500 additional jobs in fuels production and transportation. Most of these jobs are in rural areas of the State. These are some of the “green jobs” promised by the State’s moves to reduce greenhouse-gas emissions. Biomass power production in California is a critical

² USDA Forest Service Pacific Southwest Research Station, *Biomass to Energy: Forest Management for Wildfire Reduction, Energy Production, and Other Benefits*, CEC report no. CEC-500-2009-080, January 2010.

component of the state's renewable energy needs, solid-waste disposal infrastructure, and air quality improvement goals.

We urge the ARB board to implement the cap-and-trade rules without modification of the sections pertinent to biomass energy production and protect this important green jobs industry.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Phillip Reese". The signature is fluid and cursive, with the first name "W." and last name "Reese" being more prominent than the middle name "Phillip".

W. PHILLIP REESE
Chairman
California Biomass Energy Alliance